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10/676,297	09/30/2003	Emerson P. Jones	17209-503	8191
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EXAMINER				
ALL HATTEM				
ART UNIT		PAPER NUMBER		
3691				
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

Patents@chadbourne.com

Office Action Summary

Application No.

10/676,297

Applicant(s)

JONES ET AL.

Examiner

HATEM ALI

Art Unit

3691

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 25 October 2010.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-10 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-10 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

1. The following is a **Final Office Action** on merits in response to a communication received on **10/25/2010**.

Acknowledgement

2. Claim **status**:
- Claims **amended**: **1, 2, 4, and 5**
 - Claims **pending**: **1-10**

Claim Rejections - 35 USC § 112

3. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

4. **Claim 2** is rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. Specifically the recitation, "the entity is not a public corporation". It is not described and not found in specification or in original claims. Therefore, it is considered **a new matter**.

5. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. **Claim 1-10** are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Specifically the amended recitation, “iteratively changing, with the computer system, a value of a first debt / equity ratio associated with the entity, to create a second debt/equity ratio based on at least two simulations” is not clear and indefinite. Proper clarification is required.

Claim Rejections - 35 USC § 103

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. **Claims 1-10** are rejected under 35 U.S.C. 103 (a) as being unpatentable over *Ichihari et al* (2003/0046203) in view of *Vass* (US 7,251,627).

As per claim 1, *Ichihari* discloses a method implemented by a programmed computer system (para 0090-0092 and Fig.13; via computer system [para 0033]) comprising:

[iteratively changing, with the computer system, a value of a first debt / equity ratio associated with the entity], to create a second debt/equity ratio based on at least two simulations (para 0062-0063; via an enterprise makes loss as a result of volatility of

earnings by a business risk [implied reiteration of stock prices resulting repeated change of debt/equity ratio] and [para 0089+; via **the Monte Carlo** simulation system with graph in **Fig.10** [implied multiple simulations] and ROI in **Fig.8**];

calculating, with the computer system, values of earnings per share associated with the entity based at least in part upon the second debt/equity ratio values for that entity (para 0081; via step 108 in **Fig.1** and **Fig.10** with **simulation graph**)

calculating, with the computer system, a plurality of values of earnings per share risk associated with the entity based at least in part upon the iteratively changed values of the debt/equity ratio associated with the entity (**para 0061**; via step 106 in **Fig.1** and **Fig.10**);

recording, with the computer system the calculated earnings per share and the calculated earnings per share risk values (**para 0091** and **0095**; via all calculated data are recorded and stored in data files **180-190**); and

Outputting, with the computer system, the calculated earnings per share values associated with the entity and the recorded calculated earnings per share values associated with the entity and the recorded calculated earnings per share risks values associated with the entity to a user (**para 0091** and **0095**; via all calculated data are recorded and stored in data files **180-190** [implied output after calculation of data to a user]);

wherein the recorded calculated earning per share values associated with the entity and the recorded calculated earnings per share risk values associated with the entity characterize a capital structure of the entity in connection with a cost to the entity

of a selected debt/equity ratio relative to a risk associated with the selected debt/equity ratio (**para 0090-0092** and **Fig.13**; via computer system and enterprise as entity and **para 0062-0063**; via an enterprise makes loss as a result of volatility of earnings by a business risk related to inherent reiterative changes of stock prices resulting uncertain debt/equity ratio)

Ichihari did not explicitly disclose iteratively changing, with the computer system, a value of a first debt / equity ratio associated with the entity.

However, **Vass** being in the same field of invention discloses iteratively changing, the computer system, a value of a first debt / equity ratio associated with the entity (**col.4**, lines 9-13 and 50-54; via implied **NYSE's** reiteratively changes of stock prices resulting debt / equity ratio change for all stocks. Accordingly scanning the stocks of the initial universe and attention is paid to the debt to equity ratio of each stock with program setting a threshold for the debt/equity ratio of 20% or less).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention was made to modify the disclosure and features mentioned by **Ichihari** to include the features as taught by **Vass** to facilitate the proper selection of stocks into the universe.

As per claim 2, **Ichihari** discloses that the entity is not a public corporation (**para 0033**; via to measure performance of an entire enterprise, public entity).

As per claim 3, **Ichihari** discloses, at least one of the calculated earnings per share values and the calculated earnings per share risk values is applied to a financial presentation relating to at least one of a balance sheet and an earnings per share

metric (**para 0091** and **0100**; via earning per share [as **MEVA**] calculation and storing and display inherently data may be shown in spreadsheet for presentation).

As per claim 4, *Ichihari* discloses that the iterations and calculations are carried out using a Monte Carlo simulation (**para 0089**; via performing the Monte Carlo Simulation).

As per claim 5, *Ichihari* discloses that the outputted calculated earnings per share values and the outputted calculated earnings per share risk values are plotted against one another **by the computer system based on a user simulation** (**para 0059, 0060** and **Fig.5** and **para 0089**).

As per claim 6, *Ichihari* discloses that the plot of calculated earnings per share values versus calculated earnings per share risk values is credit adjusted (**para 0052-0054** and **Fig.3**).

As per claims 7 and 9, *Ichihari* discloses the steps further comprising:
obtaining, with the computer system, data associated with the entity including a number of common shares outstanding, a value of earnings, a value of dividends per share, a change in the effective number of common shares outstanding, which change in the effective number of common shares outstanding reflects the possibility, based upon an economically reasonable analysis in light of market conditions, of conversion of a convertible security; and a value of coupon payments;

wherein each value of earnings per share is calculated at least in part using the formula

$$EPS = \text{DPS}_o + (\text{Earnings} - N_o \times \text{DPS}_o - \text{Coupon}) / N_o + \Delta N_{\text{eff}}$$

wherein :

i) **Earnings** equals the input value of earnings, ii) **N_o** equals the input number of common shares outstanding, iii) **DPS_o** equals the input value of dividends per share, iv) **Coupon** equals the input value of coupon payments, and v) **ΔN_{eff}** equals the input value of change in the effective number of common shares outstanding, based at least in part upon each of a plurality of iteratively changed values of stock price associated with the entity (**para 0033-0039**; via identical expression of **EPS** or earnings of an enterprise with shares or Market efficiency value added = Net operating profit after Tax- Cost of Capital)

As per claims 8 and 10, *Ichihari* discloses that the economically reasonable analysis in light of market conditions takes into account a conversion premium associated with the convertible security (**para 0095-96**; via analysis with historical and simulation methods and market condition with **ROI** data).

Response to Arguments

9. **Applicant's** arguments filed **10/25/2010** have been fully considered but they are not persuasive.

In the Remarks Applicant argues in substance that:

[Remarks page 10, para 1] as amended claim 1 clearly states" ... create a second debt/equity ratio based on at least two simulations". ... it is not discussed or

rendered obvious by **Ichihari**, nor is it discussed or rendered obvious by **Vass**. Even if, for example ... as opposed to “ at least two simulations.”

In response to above:

The Examiner respectfully disagrees with Applicant's assertion. Applicant is referred, in addition to **Vass**, primary reference **Ichihari** [para 0089+] with the Monte Carlo simulations and output of graphs as shown in fig.10 [multiple simulations].

Conclusion

10. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

11. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Slyke et al (2002/0042770) discloses Liquid Insurance Contracts.

Makivic (6,061,662) discloses the valuation of derivative financial instruments.

Squyres (7,222,095) discloses Method and System for comparison and evaluation of investment Portfolio.

12. Any inquiry concerning this communication or earlier communications from the examiner should be directed to HATEM ALI whose telephone number is (571)270-3021. The examiner can normally be reached on 8.00 to 6.30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, ALEXANDER KALINOWSKI can be reached on 571-272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

HATEM ALI
Examiner
Art Unit 3691

/Hani M. Kazimi/
Primary Examiner, Art Unit 3691